

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 L-03 IO-13 H-02 PA-01

PRS-01 SP-02 USIA-06 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 EUR-12

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R 270642Z AUG 76 CORRECTED COPY FOR MCN

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9552

INFO AMEMBASSY JAKARTA

AMCONSUL SURABAYA

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 11/27/76

TAGS: EAID, EFIN

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE (TA) FINANCING FOR  
BANDUNG URBAN DEVELOPMENT AND SANITATION PROJECT AND  
SOUTH EAST SULAWESI TRANSMIGRATION AREA DEVELOPMENT  
PROJECT (INDONESIA)

REF: (A) TREASURY 76-102, (B) JAKARTA 10239, (C) MANILA 11328

1. ON 26 AUGUST 1976 ADB BOARD OF DIRECTORS APPROVED ADB  
MANAGEMENT PROPOSAL FOR (A) TA LOAN OF \$1.15 MILLION FROM  
ORDINARY CAPITAL RESOURCES AND TA GRANT OF \$100,000 TO  
INDONESIA FOR PREPARATION OF LONG-TERM URBAN DEVELOPMENT  
PLAN AND FEASIBILITY STUDY FOR FIRST STAGE PROJECT FOR  
BANDUNG MUNICIPALITY, AND (B) TA LOAN OF \$280,000 FROM  
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ORDINARY CAPITAL RESOURCES TO FINANCE PART OF STUDY TO

PREPARE 10-YEAR PLAN AND FEASIBILITY STUDY FOR DEVELOPMENT OF SETTLEMENTS IN SOUTH EAST SULAWESI PROVINCE.

2. U.S. DIRECTOR SUPPORTED BOTH PROPOSALS AS PER REFTEL A. HE EXPRESSED CONCERN ALONG WITH THREE OTHER DIRECTORS THAT TRANSMIGRATION SECTOR MAY NOT REPRESENT PRIORITY USE OF SCARCE BANK RESOURCES SINCE THESE PROJECTS WERE NOT SUCCESSFUL IN PAST AND BENEFITS APPEARED TO BE LOW IN RELATION TO COSTS. HE STRESSED THAT APPROVAL OF PROPOSED TECHNICAL ASSISTANCE LOAN SHOULD NOT BE INTERPRETED AS BANK COMMITMENT TO FINANCE SUBSEQUENT TRANSMIGRATION PROJECTS. U.S. DIRECTOR URGED BANK TO EVALUATE CONSULTANTS' REPORTS CAREFULLY SINCE THEY REPRESENT NEW ASPECT OF DEVELOPMENT IN WHICH BANK HAS NO EXPERIENCE.

3. PRIOR TO BOARD MEETING USADB MET WITH BANK STAFF TO EXPLAIN U.S. VIEWS IN REFTEL A CONCERNING TRANSMIGRATION SECTOR AND ASPECTS OF SULAWESI PROJECT. BANK STAFF AGREED WITH U.S. POSITION AND SAID THAT TERMS OF REFERENCE (A) WILL REQUIRE CONSULTANTS TO INCLUDE ALL COSTS INCLUDING TRANSPORTATION COSTS AND (B) WILL BE DISCUSSED WITH CONSULTANTS IN SEPTEMBER AND STAFF WILL STRESS NECESSITY TO INCREASE SPONTANEOUS MIGRATION AND REHABILITATION OF EXISTING SETTLEMENTS WITH EMPHASIS ON INCREASING EMPLOYMENT OPPORTUNITIES THROUGH MARKET ORIENTED AGRICULTURAL DEVELOPMENT.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TECHNICAL ASSISTANCE, SANITATION, DEVELOPMENT LOANS, URBAN DEVELOPMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA13095  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 JAKARTA 10239, 76 MANILA 11328  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ellisoob  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 MAY 2004 by ElyME>; APPROVED <05 OCT 2004 by ellisoob>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED ADB TECHNICAL ASSISTANCE (TA) FINANCING FOR BANDUNG URBAN DEVELOPMENT AND SANITATION PROJECT AND SOUTH EAST SULAWESI TRANSMIGRATION AREA DEVELOPMENT  
**TAGS:** EAID, EFIN, RP, ADB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006